



# **2010-11 CalPERS Business Plan**

# 2010-11 CalPERS Business Plan Framework

## **CalPERS Vision**

Pride in our service – providing confidence for your future.

## **CalPERS Mission**

To advance the financial and health security for all who participate in the System. We will fulfill this mission by creating and maintaining an environment that produces responsiveness to those we serve. With a focus on restoring confidence in CalPERS, the three priority areas for 2010-11 are:

### **Enterprise Priority 1**

#### **Customer Focus: Today & Tomorrow**

Focus on today's internal and external customer service by working to improve our core workload delivery, while also focusing on tomorrow by implementing the new my|CalPERS and transforming our infrastructure to support the future expansion and improvement of services to our members and employers.

### **Enterprise Priority 2**

#### **Sustainability**

Ensure the sustainability of CalPERS programs and services by improving the delivery of customer service and investment results, adapting to changing conditions, and influencing the policy debates on pension, health, and financial market reforms.

### **Enterprise Priority 3**

#### **Building Internal Strength**

Provide world-class customer service to our members and employers by positioning the enterprise so there is an alignment between culture, business strategy, and organization structure. Create an environment of accountability, integrity, transparency, nimbleness, and innovation utilizing a high-performing employee team with a broad and diverse range of skills, ideas, and perspectives.

# 2010-11 CalPERS Business Plan Framework

## Enterprise Priority 1

### Customer Focus: Today & Tomorrow

Focus on today's internal and external customer service by working to improve our core workload delivery, while also focusing on tomorrow by implementing the new my|CalPERS and transforming our infrastructure to support the future expansion and improvement of services to our members and employers.

### Strategic Plan Goals

---

#### Goal 4

Design and develop education and communication initiatives to ensure broad member and stakeholder understanding of CalPERS value.

#### Goal 6

Administer pension benefit services in a customer-oriented and cost-effective manner.

#### Goal 7

Enable and educate members and employers to make informed decisions leading to a predictable and secure retirement future.

#### Goal 11

Promote the ability of members and employers to make informed decisions resulting in improved lifestyle choices and healthy outcomes.

### Objectives & Initiatives

---

#### 1

##### Enhance consistent, collaborative communication and engagement with stakeholders

- Develop a reputational risk assessment scorecard baseline (December 2010) (**COMPLETED**)
- Develop an ongoing scorecard assessment system (March 2011) (**COMPLETED**)
- Expand collaboration with a variety of constituent, academic, and stakeholder groups, as measured by feedback surveys (March 2011) (**COMPLETED**)
- Implement more timely and coordinated messaging for internal and external communications by adhering to well-defined, standard processes and protocols that effectiveness can be measured against (June 2011) (**COMPLETED**)

#### 2

##### Implement planned activities in the PSR/ETM/PERT recovery plan

- Application Refactoring Phase (July 2010) (**COMPLETED**)
- Recovery Phase (November 2010) (**COMPLETED**)
- End-to-End Test Phase (March 2011) (**COMPLETED**)

#### 3

##### Implement an enterprise Web-based multi-channel communication service

- Establish enterprise policies, procedures, and standards for Webcasts and Webinars (September 2010) (**COMPLETED**)
- Equip all Regional Offices to handle virtual member counseling and education (December 2010) (**COMPLETED**)
- Complete two test pilot programs (December 2010) (**COMPLETED**)
- Expand to full-service operation (March 2011) (**COMPLETED**)

# 2010-11 CalPERS Business Plan Framework

## Enterprise Priority 2 Sustainability

Ensure the sustainability of CalPERS programs and services by improving the delivery of customer service and investment results, adapting to changing conditions, and influencing the policy debates on pension, health, and financial market reforms.

### Strategic Plan Goals

<b>Goal 1</b> Exercise global leadership to ensure the sustainability of CalPERS pension and health benefit systems.	<b>Goal 5</b> Provide sustainable pension benefit products and services responsive to and valued by members, employers, and stakeholders.	<b>Goal 8</b> Manage the risk and volatility of assets and liabilities to ensure sufficient funds are available, first to pay benefits, and second to minimize and stabilize contributions.
<b>Goal 9</b> Achieve long-term, sustainable, risk-adjusted returns.	<b>Goal 10</b> Develop and administer quality, sustainable health benefit programs that are responsive to and valued by enrollees and employers.	<b>Goal 12</b> Engage and influence the health care marketplace to provide medical care that optimizes quality, access, and cost.

### Objectives & Initiatives

1	2	3
<b>Protect stakeholder interests, assist policy makers in making decisions, and influence the State and federal pension reform debate</b>	<b>Implement the 2010 Investment Office Roadmap strategies</b>	<b>Implement federal health reform legislation provisions</b>
<ul style="list-style-type: none"><li>• Develop policies and practices that provide enhanced actuarial information on the impact of investment volatility on employer contribution rates (December 2010) <b>(COMPLETED)</b></li><li>• Provide information and recommendations to the Board on possible needed changes to the actuarial discount rate (March 2011) <b>(COMPLETED)</b></li><li>• Develop and distribute an educational toolkit for elected officials on funding public pensions and post-retirement medical benefits (March 2011) <b>(COMPLETED)</b></li><li>• Provide continuous monitoring, analysis, and impact response on proposed pension reform proposals (June 2011) <b>(COMPLETED)</b></li></ul>	<ul style="list-style-type: none"><li>• Enhance organization systems and controls (June 2011) <b>(COMPLETED)</b></li><li>• Improve investment performance and implement enhanced portfolio risk management (June 2011) <b>(COMPLETED)</b></li><li>• Develop and recommend strategic asset allocation (June 2011) <b>(COMPLETED)</b></li><li>• Improve cost effectiveness (June 2011) <b>(COMPLETED)</b></li><li>• Promote the enactment of financial market reform (June 2011) <b>(COMPLETED)</b></li></ul>	<ul style="list-style-type: none"><li>• Complete an impact assessment of reform provisions, federal regulations, and State legislation (July 2010) <b>(COMPLETED)</b></li><li>• Align PEMHCA regulations with statutory changes (September 2010) <b>(COMPLETED)</b></li><li>• Implement the Early Retiree Reinsurance and Age 26 Dependent Coverage provisions (December 2010) <b>(COMPLETED)</b></li><li>• Incorporate fiscal impacts of Reformed Payments in Medicare Advantage and Lifetime/Annual Limits elimination in the annual health rates process (June 2011) <b>(COMPLETED)</b></li></ul>

# 2010-11 CalPERS Business Plan Framework

## Enterprise Priority 2 (continued) Sustainability

Ensure the sustainability of CalPERS programs and services by improving the delivery of customer service and investment results, adapting to changing conditions, and influencing the policy debates on pension, health, and financial market reforms.

### Strategic Plan Goals

<b>Goal 1</b> Exercise global leadership to ensure the sustainability of CalPERS pension and health benefit systems.	<b>Goal 5</b> Provide sustainable pension benefit products and services responsive to and valued by members, employers, and stakeholders.	<b>Goal 8</b> Manage the risk and volatility of assets and liabilities to ensure sufficient funds are available, first to pay benefits, and second to minimize and stabilize contributions.
<b>Goal 9</b> Achieve long-term, sustainable, risk-adjusted returns.	<b>Goal 10</b> Develop and administer quality, sustainable health benefit programs that are responsive to and valued by enrollees and employers.	<b>Goal 12</b> Engage and influence the health care marketplace to provide medical care that optimizes quality, access, and cost.

### Objectives & Initiatives

<b>4</b> <b>Begin implementation of the CalPERS health benefit redesign and the restructure of the health rate strategy</b>	<b>5</b> <b>Implement key Information Technology Strategic Plan initiatives</b>
<ul style="list-style-type: none"><li>• Complete evaluation of risk sharing across plans and recommend program changes (September 2010) (<b>COMPLETED</b>)</li><li>• Conduct a market scan to evaluate current health plan cost containment efforts for the CalPERS program for 2012 (December 2010) (<b>COMPLETED</b>)</li><li>• Implement a data-driven rates negotiation process (January 2011) (<b>COMPLETED</b>)</li><li>• Complete evaluation of current benefit designs and recommend offering changes (June 2011) (<b>COMPLETED</b>)</li><li>• Partner with health plans to remove high-cost hospital offerings (June 2011) (<b>COMPLETED</b>)</li></ul>	<ul style="list-style-type: none"><li>• Develop a strategy for leveraging PSR automated services across the enterprise (June 2011) (<b>COMPLETED</b>)</li><li>• Implement the approved employee self-services identified in the Administrative Services Branch IT Strategy (June 2011) (<b>COMPLETED</b>)</li></ul>

# 2010-11 CalPERS Business Plan Framework

## Enterprise Priority 3 Building Internal Strength

Provide world-class customer service to our members and employers by positioning the enterprise so there is an alignment between culture, business strategy, and organization structure. Create an environment of accountability, integrity, transparency, nimbleness, and innovation utilizing a high-performing employee team with a broad and diverse range of skills, ideas, and perspectives.

### Strategic Plan Goals

---

#### Goal 2

Foster a work environment that values quality, respect, diversity, integrity, openness, communication, and accountability.

#### Goal 3

Sustain a high performance work culture utilizing staff development, technology, and innovative leadership and management strategies.

### Objectives & Initiatives

---

#### 1

Complete the special review of placement agent issues and adopt appropriate recommendations to implement governance changes

- Analyze, report findings, and develop recommendations from the special review investigation (March 2011) **(COMPLETED)**
- Complete remedial measures and implement recommendations as appropriate (June 2011) **(COMPLETED)**
- Develop a process for ongoing monitoring, identification, and remediation of governance compliance (June 2011) **(COMPLETED)**

#### 2

Attract, develop, and retain a diverse workforce and build a work culture that reflects diversity and inclusion best practices

- Increase overall employee diversity awareness by 5 percent over the 2008 diversity assessment survey baseline (December 2010) **(COMPLETED | MEASURE NOT MET)**
- Increase leadership commitment scores by 5 percent over the 2008 diversity assessment survey baseline (December 2010) **(COMPLETED | MEASURE NOT MET)**
- Include actionable diversity and inclusion commitments in all management performance appraisals (March 2011) **(COMPLETED)**
- Launch a Web-based investment proposal submission system and hold two Webinars to educate emerging managers on CalPERS investment programs, policies, and processes (June 2011) **(COMPLETED)**
- Implement an ongoing program for all internal and external video communications to ensure compliance with required Americans with Disabilities closed captioning requirements (March 2011) **(COMPLETED)**
- Increase enterprise small business and disabled veteran business enterprise contracting and purchasing by 2 percent (June 2011) **(COMPLETED | MEASURE DATA NOT AVAILABLE UNTIL SEPTEMBER 2011)**
- Expand external legal counsel contracts by creating pools in at least four specialty areas (i.e., employment, labor, immigration, etc.) through the addition of firms reflective of California's diverse population (June 2011) **(COMPLETED)**

# 2010-11 CalPERS Business Plan Framework

## Enterprise Priority 3 (continued) Building Internal Strength

Provide world-class customer service to our members and employers by positioning the enterprise so there is an alignment between culture, business strategy, and organization structure. Create an environment of accountability, integrity, transparency, nimbleness, and innovation utilizing a high-performing employee team with a broad and diverse range of skills, ideas, and perspectives.

### Strategic Plan Goals

---

#### Goal 2

Foster a work environment that values quality, respect, diversity, integrity, openness, communication, and accountability.

#### Goal 3

Sustain a high performance work culture utilizing staff development, technology, and innovative leadership and management strategies.

### Objectives & Initiatives

---

#### 3

##### Institute an enterprise Risk Management function to effectively evaluate, monitor, and manage risk across the organization

- Implement the risk management governance structure, including putting a risk leadership position in place (September 2010) **(COMPLETED)**
- Establish the risk management framework and methodologies to monitor and assess risks across the enterprise (December 2010) **(COMPLETED)**
- Institute regular risk management reporting to the Board (December 2010) **(COMPLETED)**
- Complete risk profiles for four critical, sensitive functions or initiatives (June 2011) **(COMPLETED)**

#### 4

##### Complete the first phase of the Organizational Alignment Initiative

- Develop and present high-level organization structure design alternatives to the Board (July 2010) **(COMPLETED)**
- Simplify and realign the planning, budgeting, and performance management processes to support improved service delivery (December 2010) **(COMPLETED)**
- Review and affirm the enterprise Core Values to identify any appropriate enhancements and to ensure the culture is aligned with the mission and strategy (June 2011) **(COMPLETED)**
- Develop a high-level business architecture framework that documents key business functions and processes, and identifies enterprise information assets (June 2011) **(COMPLETED)**
- Begin incremental implementation of approved organization structure design (June 2011) **(COMPLETED)**

#### 5

##### Design and implement an enterprise Succession Plan framework to ensure leadership continuity, retention of institutional expertise, and development of staff

- Develop an enhanced succession planning process (March 2011) **(COMPLETED)**
- Identify critical processes and functions in the organization at risk for the loss of institutional knowledge or expertise needed to maintain core services (March 2011) **(COMPLETED)**
- Provide leadership development workshops to strengthen management skills and available talent (March 2011) **(COMPLETED)**
- Develop and implement a Leadership Mentoring program that provides leadership development opportunities and fosters functional program knowledge (June 2011) **(COMPLETED)**

